

Legal Aid Commission

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Legal Aid Commission as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Accounting Policies

Even though the depreciation policy on fixed assets had been changed from the reducing balance method to straight line method in the year 2012 and the rate of depreciation had also been changed, these changes had not been disclosed in the financial statements. Accordingly, the depreciation on fixed assets amounting to Rs. 859,925 in the year 2011 had increased up to Rs.3,723,763 in the preceding year.

1.2.2 Accounting Deficiencies

The following observations are made.

- (a) The contribution of the Employees Provident Fund (12%) and the contribution of the Employees Trust Fund (3%) computed on the basis of cost of living allowances and other allowances relating to the period from January 2010 to December 2011 amounted to Rs.639,505 and Rs.2,558,020 respectively. Accordingly, the entire contributions aggregating Rs. 3,197,525 had been accounted as expenditure for the year under review and as a result, the deficit for the year had been overstated by that amount.

- (b) The interest income amounting to Rs 198,479 receivable from the fixed deposits totaling Rs.1,250,000 had not been brought to account.
- (c) The fixed deposits amounting to Rs. 1,250,000 had been shown in the financial statements by adding with the cash balances. As such non current assets had been understated and the current assets had been overstated by that amount.
- (d) Registration fees amounting to Rs. 32,000 paid for the preceding year had been brought to account as expenditure for the year under review.
- (e) Audit fees aggregating Rs. 252,682 paid for the years from 1998 to 2008 and for the year 2010 had been brought to account as expenditure for the year under review whereas the audit fees aggregating Rs. 77,592 payable for the years 2009 and 2011 had been omitted from the financial statements.

1.2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Even though receipts under Form General 172 should have been issued for all the receipts in terms of Financial Regulations 168, the Commission had not issued receipts for receipts aggregating Rs. 98,464,818.

2. Financial Review

2.1 Financial Results

According to the financial statements presented, the operations of the Commission for the year ended 31 December 2012 had resulted in a deficit of Rs. 18,536,369 as compared with the corresponding deficit for the preceding year amounting to Rs. 2,902,700. Increase of administration expenditure including the expenditure of the Legal Awakening Programme by Rs.44,036,155 had mainly attributed for arising a deterioration of Rs.15,633,669 in the year under review as compared with the preceding year.

2.2 Analytical Financial Review

The surplus for the year 2010 amounting to Rs.6,423,543 had become a deficit of Rs.2,902,700 and Rs.18,536,369 for the years 2011 and 2012 respectively thus, indicating a deterioration in the financial results. The credit balance of the Accumulated Fund in the previous 03 years had gradually decreased up to Rs. 23,099,977, Rs. 20,197,277 and Rs.1,660,909 respectively due to the above reasons.

3. Operating Review

3.1 Performance

The following matters were observed.

- (a) Even though the Commission and its Regional Centers had completed 5,837 court proceedings during the year under review, number of court cases not settled up to 31 December 2012 stood at 27,601.
- (b) Legal advices had been given for 47,435 individuals during the year under review by the Head Office and other 72 Centers.
- (c) Seven New Legal Aid Centers had been opened during the year under review.

4. Accountability and Good Governance

4.1 Corporate Plan

A Corporate Plan and an Action Plan had not been prepared in terms of Section 5 of the Public Enterprises Circular No.PED 12 dated 02 June 2003.

4.2 Personnel Administration

There was no approved cadre in terms of Section 09 of the Public Enterprises Circular No.PED 12 dated 02 June 2003 whereas the actual cadre was 215. Thirty eight persons had been newly appointed during the year under review.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Commission from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Financial Control